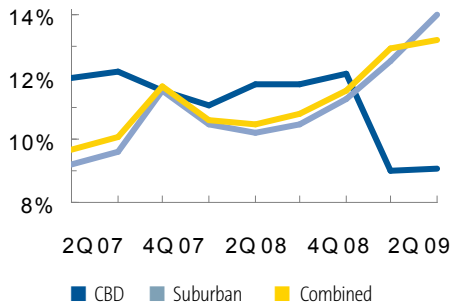


Office Trends Report—Second Quarter 2009 Fresno, CA



Vacancy Rate Quarterly

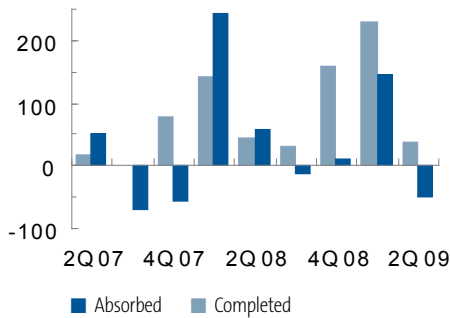


As the national, as well as local, economy continues to slump, Fresno's office market has followed the same trend line.

Vacancies continue to be problematic with the convergence of new product coming online coupled with just under 180,000 square feet of sublease space tossed into the mix by firms tied to the residential real estate market such as mortgage companies, title companies, and builders.

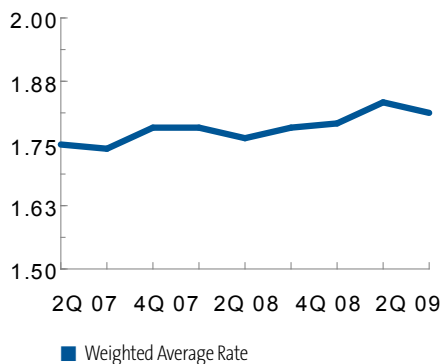
Commercial real estate generally trails the residential market by six to twelve months; therefore, the commercial cycle is currently near the midway point. With this in mind, tenants continue to be in the dominant position in lease negotiations with abated rent and turnkey build-outs being part of the incentive packages offered by landlords. This trend should continue over the next several months until vacancies are brought under control. Another trend is the shorter duration of leases and renewals. With the uncertain economic climate, tenants are not committing to long-term leases and, if so, are looking for termination options.

Completion vs. Absorption Quarterly (in Thousands of SF)



The North Fresno submarkets, which include Woodward, Northeast and Northwest, should continue to get the lion's share of new tenants as well as expansions and relocations. With little new construction planned in the foreseeable future, lease rates should firm up and concessions should decline over the next few quarters.

Asking Rental Rates Quarterly (\$/SF/Mo. Full Service)



FORECAST

- Vacancies will remain high until new product and subleases accelerate.
- Concessions in the form of free rent and turnkey build-outs will be the norm for the next several months.
- Tenants will not commit to long-term leases until the economy stabilizes and consumer confidence grows.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)
■ Law Offices of Wilkins & Czesinski	John Urbahn	Silver Creek Professional Center*	6,050
■ Fresno Area Work Force Investment Corp.	Virgina Kern, LLC	Virginia Hotel*	37,158
■ Employers Compensation Insurance	Tremonte Properties	Woodward Centre*	58,167

■ Leasing ■ Sales *Indicates Transactions Represented by Grubb & Ellis

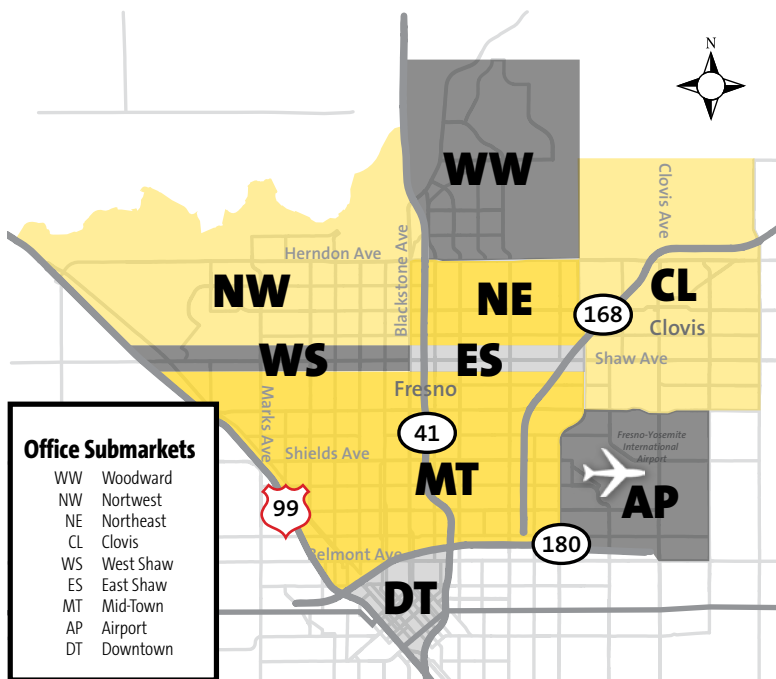
Office Trends Report—Second Quarter 2009

Fresno, CA



By Submarket	Total SF	Vacant SF	VACANCY %		NET ABSORPTION		Under Construction SF	ASKING RENT	
			Direct	Total	Current	Year To Date		Class A	Class B
Downtown	3,110,722	282,291	8.9%	9.1%	(2,727)	80,114	105,585	\$2.09	\$1.31
CBD Total	3,110,722	282,291	8.9%	9.1%	(2,727)	80,114	105,585	\$2.09	\$1.31
Airport	1,401,452	137,419	9.6%	9.8%	(6,990)	(1,522)	-	-	\$1.22
Clovis	718,920	178,557	24.4%	24.8%	1,000	16,092	-	\$1.72	\$1.92
East Shaw	1,329,807	203,566	15.2%	15.3%	822	13,134	-	-	\$1.59
Midtown	2,344,727	55,958	2.4%	2.4%	(5,630)	11,467	-	-	\$1.22
Northeast	1,358,504	171,759	10.2%	12.6%	(5,862)	(19,766)	-	\$2.17	\$1.87
Northwest	3,121,823	632,694	18.5%	20.3%	(41,435)	(62,082)	13,776	\$2.41	\$1.87
West Shaw	1,645,746	236,053	13.8%	14.3%	(2,864)	9,800	-	-	\$1.46
Woodward	3,277,440	519,981	15.4%	15.9%	13,764	46,962	-	\$2.45	\$1.95
Suburban Total	15,198,419	2,135,987	13.3%	14.1%	(47,195)	14,085	13,776	\$2.41	\$1.73
Totals	18,309,141	2,418,278	12.5%	13.2%	(49,922)	94,199	119,361	\$2.39	\$1.69

By Class	AVAILABLE FOR SUBLEASE								
	CBD	Suburban							
Class A	3,479,210	616,886	15.9%	17.7%	17,108	45,010	89,585	4,745	93,536
Class B	10,527,156	1,558,656	14.2%	14.8%	(68,364)	47,689	29,776	-	81,129
Class C	4,302,775	242,736	5.6%	5.6%	1,334	1,500	-	-	2,182
Totals	18,309,141	2,418,278	12.5%	13.2%	(49,922)	94,199	119,361	4,745	176,847



Grubb & Ellis|Pearson Commercial Office Advisors

Thomas N. Robinson
Vice President
559.447.6246
trobinson@pearsonrealty.com
CA DRE# 00235983

Scott Christensen
Vice President
559.447.6230
schristensen@pearsonrealty.com
CA DRE# 01415793

Phil Souza
Senior Vice President
559.447.6283
psouza@pearsonrealty.com
CA DRE# 01422611

Jim Graham
Vice President
559.447.6260
jgraham@pearsonrealty.com
CA DRE# 01300389

Ramon Ventura
Senior Sales Associate
559.447.6293
rventura@pearsonrealty.com
CA DRE# 01405976

Dustin Ilic
Sales Associate
559.447.6292
dilic@pearsonrealty.com
CA DRE# 01772625

Brett Visintainer
Sales Associate
559.447.6265
bvisintainer@pearsonrealty.com
CA DRE# 01792092

Jeremy Reed
Senior Vice President
559.447.6282
jreed@pearsonrealty.com
CA DRE# 01203327

Jessica Young
Marketing Specialist
559.447.6281
jyoung@pearsonrealty.com
CA DRE# 01498704

OFFICE TERMS AND DEFINITIONS

Inventory: Office inventory includes all multi-tenant and single tenant buildings at least 5,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

*Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.